

AMENDED IN SENATE JULY 1, 2014
AMENDED IN ASSEMBLY MAY 23, 2014
AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2738

**Introduced by Committee on Environmental Safety and Toxic
Materials (Assembly Members Alejo (Chair), Bloom, Gomez,
Lowenthal, and Ting)**

February 26, 2014

An act to amend Sections ~~25249.7, 116760.40, 116760.44, 116761.70,~~
~~25249.7 and 116835~~ of the Health and Safety Code, relating to ~~drinking~~
~~water, and making an appropriation therefor~~ *contamination*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2738, as amended, Committee on Environmental Safety and
Toxic Materials. ~~Safe Drinking Water State Revolving Fund: accounts.~~
Contamination.

(1) Existing law, the Safe Drinking Water and Toxic Enforcement
Act of 1986 (Proposition 65), prohibits any person, in the course of
doing business, from knowingly and intentionally exposing any
individual to a chemical known to the state to cause cancer or
reproductive toxicity without giving a specified warning, or from
knowingly discharging or releasing that chemical into water or any
source of drinking water, except as specified. The act imposes civil
penalties of not more than \$2,500 per day upon persons who violate
those prohibitions and provides for the enforcement of those prohibitions
by the Attorney General, a district attorney, or specified city attorneys
or prosecutors, and by any person in the public interest. Existing law,

in an action brought by a person in the public interest, requires a person who serves notice of the alleged violation for an exposure to complete, as appropriate, and provide to the alleged violator a notice of special compliance procedure and proof of compliance form, as specified, and prohibits an action from being filed if specified circumstances are met, including the notice being timely served and the alleged violator correcting the alleged violation. Existing law requires the notice to allege that the alleged violator failed to provide clear and reasonable warning of specified exposures and no other violation.

This bill would require the notice of special compliance procedure and proof of compliance form to be provided to the alleged violator at the time the notice of the alleged violation is served. The bill would also require that the notice allege that the alleged violator failed to provide clear and reasonable warning regarding specified exposures.

~~-(2) Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, authorizes the State Department of Public Health to administer the Safe Drinking Water State Revolving Fund, which is established in the State Treasury and continuously appropriated to the department to provide grants or revolving fund loans for the design and construction of projects for public water systems, as defined, to enable compliance with safe drinking water standards. Existing law authorizes the department to enter into an agreement with the federal government for matching federal contributions into the fund. Existing law requires federal funds to be deposited in the special accounts that are continuously appropriated to the department.~~

~~This bill would, in addition, establish the fees and charges account within the fund for deposit of prescribed administrative fees to be expended for administrative costs of providing assistance under these provisions, to the extent consistent with federal law.~~

~~Existing law authorizes the department to establish a reasonable fee schedule of administrative fees for loans to be paid by grant applicants, not to exceed 4% of the capitation grant.~~

~~This bill would, instead, authorize the administrative fees to include an applicant fee to reimburse the department for the costs of reviewing and approving applications, and a loan disbursement fee to reimburse the department for all other costs. The bill would authorize the department to annually adjust the fee schedule.~~

~~Existing law requires payment of charges incurred by the Attorney General in protection of the state's interest in the use of funds under~~

~~these provisions, not to exceed $\frac{1}{2}$ of 1% of the fund, to be paid as program expenses rather than administrative costs.~~

~~This bill would delete this requirement.~~

~~By changing the purposes for which continuously appropriated funds may be expended, this bill would make an appropriation.~~

~~(3)~~

(2) Existing law requires the State Department of Public Health to adopt regulations setting forth the criteria and procedures for certification of specified water treatment devices. Existing law prohibits the sale or distribution of a water treatment device for which a health or safety claim is made, unless the device is included on the list of water treatment devices published on the department's Internet Web site and certified by an independent certified organization that has been accredited by the American National Standards Institute. *Existing law transfers these duties to the State Water Resources Control Board on July 1, 2014.*

This bill would remove the requirement of certification by an independent certified organization. *The bill would make changes to reflect the transfer of duties from the department to the State Water Resources Control Board.*

Vote: majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Section 25249.7 of the Health and Safety Code~~
- 2 ~~is amended to read:~~
- 3 ~~25249.7. (a) A person who violates or threatens to violate~~
- 4 ~~Section 25249.5 or 25249.6 may be enjoined in any court of~~
- 5 ~~competent jurisdiction.~~
- 6 ~~(b) (1) A person who has violated Section 25249.5 or 25249.6~~
- 7 ~~is liable for a civil penalty not to exceed two thousand five hundred~~
- 8 ~~dollars (\$2,500) per day for each violation in addition to any other~~
- 9 ~~penalty established by law. That civil penalty may be assessed and~~
- 10 ~~recovered in a civil action brought in any court of competent~~
- 11 ~~jurisdiction.~~
- 12 ~~(2) In assessing the amount of a civil penalty for a violation of~~
- 13 ~~this chapter, the court shall consider all of the following:~~
- 14 ~~(A) The nature and extent of the violation.~~
- 15 ~~(B) The number of, and severity of, the violations.~~

1 ~~(C) The economic effect of the penalty on the violator.~~

2 ~~(D) Whether the violator took good faith measures to comply~~
3 ~~with this chapter and the time these measures were taken.~~

4 ~~(E) The willfulness of the violator's misconduct.~~

5 ~~(F) The deterrent effect that the imposition of the penalty would~~
6 ~~have on both the violator and the regulated community as a whole.~~

7 ~~(G) Any other factor that justice may require.~~

8 ~~(e) Actions pursuant to this section may be brought by the~~
9 ~~Attorney General in the name of the people of the State of~~
10 ~~California, by a district attorney, by a city attorney of a city having~~
11 ~~a population in excess of 750,000, or, with the consent of the~~
12 ~~district attorney, by a city prosecutor in a city or city and county~~
13 ~~having a full-time city prosecutor, or as provided in subdivision~~
14 ~~(d).~~

15 ~~(d) Actions pursuant to this section may be brought by a person~~
16 ~~in the public interest if both of the following requirements are met:~~

17 ~~(1) The private action is commenced more than 60 days from~~
18 ~~the date that the person has given notice of an alleged violation of~~
19 ~~Section 25249.5 or 25249.6 that is the subject of the private action~~
20 ~~to the Attorney General and the district attorney, city attorney, or~~
21 ~~prosecutor in whose jurisdiction the violation is alleged to have~~
22 ~~occurred, and to the alleged violator. If the notice alleges a~~
23 ~~violation of Section 25249.6, the notice of the alleged violation~~
24 ~~shall include a certificate of merit executed by the attorney for the~~
25 ~~noticing party, or by the noticing party, if the noticing party is not~~
26 ~~represented by an attorney. The certificate of merit shall state that~~
27 ~~the person executing the certificate has consulted with one or more~~
28 ~~persons with relevant and appropriate experience or expertise who~~
29 ~~has reviewed facts, studies, or other data regarding the exposure~~
30 ~~to the listed chemical that is the subject of the action, and that,~~
31 ~~based on that information, the person executing the certificate~~
32 ~~believes there is a reasonable and meritorious case for the private~~
33 ~~action. Factual information sufficient to establish the basis of the~~
34 ~~certificate of merit, including the information identified in~~
35 ~~paragraph (2) of subdivision (h), shall be attached to the certificate~~
36 ~~of merit that is served on the Attorney General.~~

37 ~~(2) Neither the Attorney General, a district attorney, a city~~
38 ~~attorney, nor a prosecutor has commenced and is diligently~~
39 ~~prosecuting an action against the violation.~~

1 ~~(e) A person bringing an action in the public interest pursuant~~
2 ~~to subdivision (d) and a person filing an action in which a violation~~
3 ~~of this chapter is alleged shall notify the Attorney General that the~~
4 ~~action has been filed. Neither this subdivision nor the procedures~~
5 ~~provided in subdivisions (f) to (k), inclusive, affect the~~
6 ~~requirements imposed by statute or a court decision in existence~~
7 ~~on January 1, 2002, concerning whether a person filing an action~~
8 ~~in which a violation of this chapter is alleged is required to comply~~
9 ~~with the requirements of subdivision (d).~~

10 ~~(f) (1) A person filing an action in the public interest pursuant~~
11 ~~to subdivision (d), a private person filing an action in which a~~
12 ~~violation of this chapter is alleged, or a private person settling a~~
13 ~~violation of this chapter alleged in a notice given pursuant to~~
14 ~~paragraph (1) of subdivision (d), shall, after the action or violation~~
15 ~~is subject either to a settlement or to a judgment, submit to the~~
16 ~~Attorney General a reporting form that includes the results of that~~
17 ~~settlement or judgment and the final disposition of the case, even~~
18 ~~if dismissed. At the time of the filing of a judgment pursuant to~~
19 ~~an action brought in the public interest pursuant to subdivision (d),~~
20 ~~or an action brought by a private person in which a violation of~~
21 ~~this chapter is alleged, the plaintiff shall file an affidavit verifying~~
22 ~~that the report required by this subdivision has been accurately~~
23 ~~completed and submitted to the Attorney General.~~

24 ~~(2) A person bringing an action in the public interest pursuant~~
25 ~~to subdivision (d), or a private person bringing an action in which~~
26 ~~a violation of this chapter is alleged, shall, after the action is either~~
27 ~~subject to a settlement, with or without court approval, or to a~~
28 ~~judgment, submit to the Attorney General a report that includes~~
29 ~~information on any corrective action being taken as a part of the~~
30 ~~settlement or resolution of the action.~~

31 ~~(3) The Attorney General shall develop a reporting form that~~
32 ~~specifies the information that shall be reported, including, but not~~
33 ~~limited to, for purposes of subdivision (e), the date the action was~~
34 ~~filed, the nature of the relief sought, and for purposes of this~~
35 ~~subdivision, the amount of the settlement or civil penalty assessed,~~
36 ~~other financial terms of the settlement, and any other information~~
37 ~~the Attorney General deems appropriate.~~

38 ~~(4) If there is a settlement of an action brought by a person in~~
39 ~~the public interest under subdivision (d), the plaintiff shall submit~~
40 ~~the settlement, other than a voluntary dismissal in which no~~

1 consideration is received from the defendant, to the court for
2 approval upon noticed motion, and the court may approve the
3 settlement only if the court makes all of the following findings:

4 (A) The warning that is required by the settlement complies
5 with this chapter.

6 (B) The award of attorney's fees is reasonable under California
7 law.

8 (C) The penalty amount is reasonable based on the criteria set
9 forth in paragraph (2) of subdivision (b).

10 (5) The plaintiff subject to paragraph (4) has the burden of
11 producing evidence sufficient to sustain each required finding.
12 The plaintiff shall serve the motion and all supporting papers on
13 the Attorney General, who may appear and participate in a
14 proceeding without intervening in the case.

15 (6) Neither this subdivision nor the procedures provided in
16 subdivision (e) and subdivisions (g) to (k), inclusive, affect the
17 requirements imposed by statute or a court decision in existence
18 on January 1, 2002, concerning whether claims raised by a person
19 or public prosecutor not a party to the action are precluded by a
20 settlement approved by the court.

21 (g) The Attorney General shall maintain a record of the
22 information submitted pursuant to subdivisions (e) and (f) and
23 shall make this information available to the public.

24 (h) (1) Except as provided in paragraph (2), the basis for the
25 certificate of merit required by subdivision (d) is not discoverable.
26 However, nothing in this subdivision precludes the discovery of
27 information related to the certificate of merit if that information
28 is relevant to the subject matter of the action and is otherwise
29 discoverable, solely on the ground that it was used in support of
30 the certificate of merit.

31 (2) Upon the conclusion of an action brought pursuant to
32 subdivision (d) with respect to a defendant, if the trial court
33 determines that there was no actual or threatened exposure to a
34 listed chemical, the court may, upon the motion of that alleged
35 violator or upon the court's own motion, review the basis for the
36 belief of the person executing the certificate of merit, expressed
37 in the certificate of merit, that an exposure to a listed chemical had
38 occurred or was threatened. The information in the certificate of
39 merit, including the identity of the persons consulted with and
40 relied on by the certifier, and the facts, studies, or other data

1 reviewed by those persons, shall be disclosed to the court in an
2 in-camera proceeding at which the moving party shall not be
3 present. If the court finds that there was no credible factual basis
4 for the certifier's belief that an exposure to a listed chemical had
5 occurred or was threatened, then the action shall be deemed
6 frivolous within the meaning of Section 128.7 of the Code of Civil
7 Procedure. The court shall not find a factual basis credible on the
8 basis of a legal theory of liability that is frivolous within the
9 meaning of Section 128.7 of the Code of Civil Procedure.

10 (i) The Attorney General may provide the factual information
11 submitted to establish the basis of the certificate of merit on request
12 to a district attorney, city attorney, or prosecutor within whose
13 jurisdiction the violation is alleged to have occurred, or to any
14 other state or federal government agency, but in all other respects
15 the Attorney General shall maintain, and ensure that all recipients
16 maintain, the submitted information as confidential official
17 information to the full extent authorized in Section 1040 of the
18 Evidence Code.

19 (j) In an action brought by the Attorney General, a district
20 attorney, a city attorney, or a prosecutor pursuant to this chapter,
21 the Attorney General, district attorney, city attorney, or prosecutor
22 may seek and recover costs and attorney's fees on behalf of a party
23 who provides a notice pursuant to subdivision (d) and who renders
24 assistance in that action.

25 (k) Any person who serves a notice of alleged violation pursuant
26 to paragraph (1) of subdivision (d) for an exposure identified in
27 subparagraph (A), (B), (C), or (D) of paragraph (1) shall complete,
28 as appropriate, and provide to the alleged violator at the time the
29 notice of alleged violation is served, a notice of special compliance
30 procedure and proof of compliance form pursuant to subdivision
31 (l) and shall not file an action for that exposure against the alleged
32 violator, or recover from the alleged violator in a settlement any
33 payment in lieu of penalties or any reimbursement for costs and
34 attorney's fees, if all of the following conditions have been met:

35 (1) The notice given pursuant to paragraph (1) of subdivision
36 (d) was served on or after the effective date of the act amending
37 this section during the 2013-14 Regular Session and alleges that
38 the alleged violator failed to provide clear and reasonable warning
39 as required under Section 25249.6 regarding one or more of the
40 following:

1 ~~(A) An exposure to alcoholic beverages that are consumed on~~
2 ~~the alleged violator's premises to the extent onsite consumption~~
3 ~~is permitted by law.~~

4 ~~(B) An exposure to a chemical known to the state to cause cancer~~
5 ~~or reproductive toxicity in a food or beverage prepared and sold~~
6 ~~on the alleged violator's premises primarily intended for immediate~~
7 ~~consumption on or off premises, to the extent of both of the~~
8 ~~following:~~

9 ~~(i) The chemical was not intentionally added.~~

10 ~~(ii) The chemical was formed by cooking or similar preparation~~
11 ~~of food or beverage components necessary to render the food or~~
12 ~~beverage palatable or to avoid microbiological contamination.~~

13 ~~(C) An exposure to environmental tobacco smoke caused by~~
14 ~~entry of persons (other than employees) on premises owned or~~
15 ~~operated by the alleged violator where smoking is permitted at any~~
16 ~~location on the premises.~~

17 ~~(D) An exposure to chemicals known to the state to cause cancer~~
18 ~~or reproductive toxicity in engine exhaust, to the extent the~~
19 ~~exposure occurs inside a facility owned or operated by the alleged~~
20 ~~violator and primarily intended for parking noncommercial~~
21 ~~vehicles.~~

22 ~~(2) Within 14 days after service of the notice, the alleged violator~~
23 ~~has done all of the following:~~

24 ~~(A) Corrected the alleged violation.~~

25 ~~(B) (i) Agreed to pay a civil penalty for the alleged violation~~
26 ~~of Section 25496.6 in the amount of five hundred dollars (\$500);~~
27 ~~to be adjusted quinquennially pursuant to clause (ii), per facility~~
28 ~~or premises where the alleged violation occurred, of which 75~~
29 ~~percent shall be deposited in the Safe Drinking Water and Toxic~~
30 ~~Enforcement Fund, and 25 percent shall be paid to the person that~~
31 ~~served the notice as provided in Section 25249.12.~~

32 ~~(ii) On April 1, 2019, and at each five-year interval thereafter,~~
33 ~~the dollar amount of the civil penalty provided pursuant to this~~
34 ~~subparagraph shall be adjusted by the Judicial Council based on~~
35 ~~the change in the annual California Consumer Price Index for All~~
36 ~~Urban Consumers, published by the Department of Industrial~~
37 ~~Relations, Division of Labor Statistics, for the most recent five-year~~
38 ~~period ending on December 31 of the year preceding the year in~~
39 ~~which the adjustment is made, rounded to the nearest five dollars~~
40 ~~(\$5). The Judicial Council shall quinquennially publish the dollar~~

1 amount of the adjusted civil penalty provided pursuant to this
2 subparagraph, together with the date of the next scheduled
3 adjustment.

4 (C) Notified, in writing, the person that served the notice of the
5 alleged violation, that the violation has been corrected. The written
6 notice shall include the notice of special compliance procedure
7 and proof of compliance form specified in subdivision (l), which
8 was provided by the person serving notice of the alleged violation
9 and which shall be completed by the alleged violator as directed
10 in the notice.

11 (3) The alleged violator shall deliver the civil penalty to the
12 person that served the notice of the alleged violation within 30
13 days of service of that notice, and the person that served the notice
14 of violation shall remit the portion of the penalty due to the Safe
15 Drinking Water and Toxic Enforcement Fund within 30 days of
16 receipt of the funds from the alleged violator.

17 (l) The notice required to be provided to an alleged violator
18 pursuant to subdivision (k) shall be presented as follows:

Date:

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Name of Noticing Party or attorney for Noticing Party:

Address:

Phone number:

SPECIAL COMPLIANCE PROCEDURE**PROOF OF COMPLIANCE**

You are receiving this form because the Noticing Party listed above has alleged that you are violating California Health and Safety Code §25249.6 (Prop. 65):

The Noticing Party may not bring any legal proceedings against you for the alleged violation checked below if:

- (1) You have actually taken the corrective steps that you have certified in this form;
- (2) The Noticing Party has received this form at the address shown above, accurately completed by you, postmarked within 14 days of your receiving this notice;
- (3) The Noticing Party receives the required \$500 penalty payment from you at the address shown above postmarked within 30 days of your receiving this notice;
- (4) This is the first time you have submitted a Proof of Compliance for a violation arising from the same exposure in the same facility on the same premises.

PART 1: TO BE COMPLETED BY THE NOTICING PARTY OR ATTORNEY FOR THE NOTICING PARTY

The alleged violation is for an exposure to: (check one)

☐ Alcoholic beverages that are consumed on the alleged violator's premises to the extent on-site consumption is permitted by law:

-

☐ A chemical known to the state to cause cancer or reproductive toxicity in a food or beverage prepared and sold on the alleged violator's premises for immediate consumption on or off premises to the extent: (1) the chemical was not intentionally added; and (2) the chemical was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination:

☐ Environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises:

☐ Chemicals known to the State to cause cancer or reproductive toxicity in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking noncommercial vehicles:

IMPORTANT NOTES:

- (1) You have no potential liability under California Health and Safety Code §25249.6 if your business has nine (9) or fewer employees;
- (2) Using this form will NOT prevent the Attorney General, a district attorney, a city attorney, or a prosecutor in whose jurisdiction the violation is alleged to have occurred from filing an action over the same alleged violations, and that in any in such action, the amount of civil penalty shall be reduced to reflect any payment made at this time.

Date:

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Name of Noticing Party or attorney for Noticing Party:

Address:

Phone number:

PART 2: TO BE COMPLETED BY THE ALLEGED VIOLATOR OR AUTHORIZED REPRESENTATIVE

Certification of Compliance

Accurate completion of this form will demonstrate that you are now in compliance with California Health and Safety Code §25249.6 for the alleged violation listed above. You must complete and submit the form below to the Noticing Party at the address shown above, postmarked within 14 days of you receiving this notice.

I hereby agree to pay, within 30 days of completion of this notice, a civil penalty of \$500 to the Noticing Party only and certify that I have complied with Health and Safety Code §25249.6 by (check only one of the following):

- ☐ Posting a warning or warnings about the alleged exposure that complies with the law, and attaching a copy of that warning and a photograph accurately showing its placement on my premises;
- ☐ Posting the warning or warnings demanded in writing by the Noticing Party, and attaching a copy of that warning and a photograph accurately showing its placement on my premises; OR
- ☐ Eliminating the alleged exposure, and attaching a statement accurately describing how the alleged exposure has been eliminated:

Certification

My statements on this form, and on any attachments to it, are true, complete, and correct to the best of my knowledge and belief and are made in good faith. I have carefully read the instructions to complete this form. I understand that if I make a false statement on this form, I may be subject to additional penalties under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65):

Signature of alleged violator or authorized representative _____ Date

Name and title of signatory

1 ~~(m) An alleged violator may satisfy the conditions set forth in~~
2 ~~subdivision (k) only one time for a violation arising from the same~~
3 ~~exposure in the same facility or on the same premises.~~

4 ~~(n) Nothing in subdivision (k) shall prevent the Attorney~~
5 ~~General, a district attorney, a city attorney, or a prosecutor in whose~~
6 ~~jurisdiction the violation is alleged to have occurred from filing~~
7 ~~an action pursuant to subdivision (c) against an alleged violator.~~
8 ~~In any such action, the amount of any civil penalty for a violation~~
9 ~~shall be reduced to reflect any payment made by the alleged~~
10 ~~violator for the same alleged violation pursuant to subparagraph~~
11 ~~(B) of paragraph (2) of subdivision (k).~~

12 ~~SEC. 2. Section 116760.40 of the Health and Safety Code is~~
13 ~~amended to read:~~

14 ~~116760.40. The department may undertake any of the following~~
15 ~~actions to implement the Safe Drinking Water State Revolving~~
16 ~~Fund:~~

17 ~~(a) Enter into agreements with the federal government for federal~~
18 ~~contributions to the fund.~~

19 ~~(b) Accept federal contributions to the fund.~~

20 ~~(c) Use moneys in the fund for the purposes permitted by the~~
21 ~~federal act.~~

22 ~~(d) Provide for the deposit of matching funds and other available~~
23 ~~and necessary moneys into the fund.~~

24 ~~(e) Make requests, on behalf of the state, for deposit into the~~
25 ~~fund of available federal moneys under the federal act.~~

26 ~~(f) Determine, on behalf of the state, that public water systems~~
27 ~~that receive financial assistance from the fund will meet the~~
28 ~~requirements of, and otherwise be treated as required by, the federal~~
29 ~~act.~~

30 ~~(g) Provide for appropriate audit, accounting, and fiscal~~
31 ~~management services, plans, and reports relative to the fund.~~

32 ~~(h) Take additional incidental action as may be appropriate for~~
33 ~~adequate administration and operation of the fund.~~

34 ~~(i) Enter into an agreement with, and accept matching funds~~
35 ~~from, a public water system. A public water system that seeks to~~
36 ~~enter into an agreement with the department and provide matching~~
37 ~~funds pursuant to this subdivision shall provide to the department~~
38 ~~evidence of the availability of those funds in the form of a written~~
39 ~~resolution, or equivalent document, from the public water system~~
40 ~~before it requests a preliminary loan commitment.~~

1 ~~(j) Charge public water systems that elect to provide matching~~
2 ~~funds a fee to cover the actual cost of obtaining the federal funds~~
3 ~~pursuant to Section 1452(e) of the federal act (42 U.S.C. Sec.~~
4 ~~300j-12) and to process the loan application. The fee shall be~~
5 ~~waived by the department if sufficient funds to cover those costs~~
6 ~~are available from other sources.~~

7 ~~(k) Use money returned to the fund under Section 116761.85~~
8 ~~and any other source of matching funds, if not prohibited by statute,~~
9 ~~as matching funds for the federal administrative allowance under~~
10 ~~Section 1452(g) of the federal act (42 U.S.C. Sec. 300j-12).~~

11 ~~(l) Establish separate accounts or subaccounts as required or~~
12 ~~allowed in the federal act and related guidance, for funds to be~~
13 ~~used for administration of the fund and other purposes. Within the~~
14 ~~fund the department shall establish the following accounts,~~
15 ~~including, but not limited to:~~

16 ~~(1) A fund administration account for state expenses related to~~
17 ~~administration of the fund pursuant to Section 1452(g)(2) of the~~
18 ~~federal act.~~

19 ~~(2) A water system reliability account for department expenses~~
20 ~~pursuant to Section 1452(g)(2)(A), (B), (C), or (D) of the federal~~
21 ~~act.~~

22 ~~(3) A source protection account for state expenses pursuant to~~
23 ~~Section 1452(k) of the federal act.~~

24 ~~(4) A small system technical assistance account for department~~
25 ~~expenses pursuant to Section 1452(g)(2) of the federal act.~~

26 ~~(5) A state revolving loan account pursuant to Section 1452(a)(2)~~
27 ~~of the federal act.~~

28 ~~(6) A wellhead protection account established pursuant to~~
29 ~~Section 1452(a)(2) of the federal act.~~

30 ~~(7) A fees and charges account for state expenses in providing~~
31 ~~assistance under this chapter.~~

32 ~~(m) Deposit federal funds for administration and other purposes~~
33 ~~into separate accounts or subaccounts as allowed by the federal~~
34 ~~act.~~

35 ~~(n) Determine, on behalf of the state, whether sufficient progress~~
36 ~~is being made toward compliance with the enforceable deadlines,~~
37 ~~goals, and requirements of the federal act and the California Safe~~
38 ~~Drinking Water Act, Chapter 4 (commencing with Section 116270).~~

39 ~~(o) To the extent permitted under federal law, including, but~~
40 ~~not limited to, Section 1452(a)(2) and (f)(4) of the federal Safe~~

1 ~~Drinking Water Act (42 U.S.C. Sec. 300j-12(a)(2) and (f)(4)), use~~
2 ~~any and all amounts deposited in the fund, including, but not~~
3 ~~limited to, loan repayments and interest earned on the loans, as a~~
4 ~~source of reserve and security for the payment of principal and~~
5 ~~interest on revenue bonds, the proceeds of which are deposited in~~
6 ~~the fund.~~

7 ~~(p) Request the Infrastructure and Economic Development Bank~~
8 ~~(I-Bank), established under Chapter 2 (commencing with Section~~
9 ~~63021) of Division 1 of Title 6.7 of the Government Code, to issue~~
10 ~~revenue bonds, enter into agreements with the I-Bank, and take~~
11 ~~all other actions necessary or convenient for the issuance and sale~~
12 ~~of revenue bonds pursuant to Article 6.3 (commencing with Section~~
13 ~~63048.55) of Chapter 2 of Division 1 of Title 6.7 of the~~
14 ~~Government Code. The purpose of the bonds is to augment the~~
15 ~~fund.~~

16 ~~SEC. 3. Section 116760.44 of the Health and Safety Code is~~
17 ~~amended to read:~~

18 ~~116760.44. (a) The department may deposit administrative~~
19 ~~fees and charges paid by public water systems and other available~~
20 ~~and necessary money into the administrative account of the fund.~~

21 ~~(b) (1) Notwithstanding subdivision (a), the department may~~
22 ~~deposit the following moneys into the fees and charges account:~~

23 ~~(A) Administrative fees received pursuant to Section 116761.70.~~

24 ~~(B) Notwithstanding Section 16475 of the Government Code,~~
25 ~~interest earned upon the moneys deposited into the fees and charges~~
26 ~~account.~~

27 ~~(2) The department may expend moneys in the fees and charges~~
28 ~~account for administrative costs of providing assistance under this~~
29 ~~chapter, to the extent consistent with federal law and regulations.~~

30 ~~SEC. 4. Section 116761.70 of the Health and Safety Code is~~
31 ~~amended to read:~~

32 ~~116761.70. (a) Not more than 4 percent of the capitalization~~
33 ~~grant may be used by the department for administering this chapter.~~
34 ~~The department may establish a reasonable schedule of~~
35 ~~administrative fees for loans, which shall be paid by the applicant~~
36 ~~and recipient, as appropriate, to reimburse the state for the costs~~
37 ~~of the state administration of this chapter.~~

38 ~~(b) The fee schedule authorized pursuant to subdivision (a) shall~~
39 ~~be designed to generate total annual revenue in an amount that~~
40 ~~does not exceed the total annual cost to the department for~~

1 administration of this chapter, including, but not limited to, the
2 costs of servicing loans made pursuant to this chapter.

3 (e) ~~The fee schedule may contain, and the department may~~
4 ~~assess, both of the following administrative fees:~~

5 (1) ~~An application fee, to be paid by all applicants, to reimburse~~
6 ~~the department for the costs of reviewing the application. The~~
7 ~~application fee shall be collected at the time of submission of the~~
8 ~~application.~~

9 (2) ~~A loan disbursement fee, to be paid by loan recipients, to pay~~
10 ~~all other costs of the department associated with administering this~~
11 ~~chapter, including, but not limited to, costs associated with~~
12 ~~servicing the loan. In total, the loan disbursement fee shall not exceed~~
13 ~~1 percent of the principal loan amount and may be assessed on, or~~
14 ~~at the time of, each disbursement of loan funds. The department~~
15 ~~may invoice the funding recipient for the loan disbursement fee.~~
16 ~~The fee shall be due and payable by the funding recipient within~~
17 ~~90 days following the date of the invoice. Loan disbursement fees shall~~
18 ~~not be deferred during project construction.~~

19 (d) ~~Notwithstanding subdivision (a), (b), or (c), if a funding~~
20 ~~recipient demonstrates to the department that the assessment of~~
21 ~~administrative fees would make the costs of the loan unaffordable~~
22 ~~to a recipient, the department shall waive or reduce the fees, as~~
23 ~~appropriate.~~

24 (e) ~~The department shall annually adjust the fee schedule of~~
25 ~~charges for loans to be issued in that fiscal year to set the fees at~~
26 ~~a rate that approximates without exceeding, the total annual cost~~
27 ~~to the department for administration of this chapter during that~~
28 ~~fiscal year, including, but not limited to, the costs of servicing~~
29 ~~loans made pursuant to this chapter.~~

30 *SECTION 1. Section 25249.7 of the Health and Safety Code*
31 *is amended to read:*

32 25249.7. (a) A person who violates or threatens to violate
33 Section 25249.5 or 25249.6 may be enjoined in any court of
34 competent jurisdiction.

35 (b) (1) A person who has violated Section 25249.5 or 25249.6
36 is liable for a civil penalty not to exceed two thousand five hundred
37 dollars (\$2,500) per day for each violation in addition to any other
38 penalty established by law. That civil penalty may be assessed and
39 recovered in a civil action brought in any court of competent
40 jurisdiction.

(2) In assessing the amount of a civil penalty for a violation of this chapter, the court shall consider all of the following:

- (A) The nature and extent of the violation.
- (B) The number of, and severity of, the violations.
- (C) The economic effect of the penalty on the violator.
- (D) Whether the violator took good faith measures to comply with this chapter and the time these measures were taken.
- (E) The willfulness of the violator's misconduct.
- (F) The deterrent effect that the imposition of the penalty would have on both the violator and the regulated community as a whole.
- (G) Any other factor that justice may require.

(c) Actions pursuant to this section may be brought by the Attorney General in the name of the people of the State of California, by a district attorney, by a city attorney of a city having a population in excess of 750,000, or, with the consent of the district attorney, by a city prosecutor in a city or city and county having a full-time city prosecutor, or as provided in subdivision (d).

(d) Actions pursuant to this section may be brought by a person in the public interest if both of the following requirements are met:

(1) The private action is commenced more than 60 days from the date that the person has given notice of an alleged violation of Section 25249.5 or 25249.6 that is the subject of the private action to the Attorney General and the district attorney, city attorney, or prosecutor in whose jurisdiction the violation is alleged to have occurred, and to the alleged violator. If the notice alleges a violation of Section 25249.6, the notice of the alleged violation shall include a certificate of merit executed by the attorney for the noticing party, or by the noticing party, if the noticing party is not represented by an attorney. The certificate of merit shall state that the person executing the certificate has consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the exposure to the listed chemical that is the subject of the action, and that, based on that information, the person executing the certificate believes there is a reasonable and meritorious case for the private action. Factual information sufficient to establish the basis of the certificate of merit, including the information identified in paragraph (2) of subdivision (h), shall be attached to the certificate of merit that is served on the Attorney General.

1 (2) Neither the Attorney General, a district attorney, a city
2 attorney, nor a prosecutor has commenced and is diligently
3 prosecuting an action against the violation.

4 (e) A person bringing an action in the public interest pursuant
5 to subdivision (d) and a person filing an action in which a violation
6 of this chapter is alleged shall notify the Attorney General that the
7 action has been filed. Neither this subdivision nor the procedures
8 provided in subdivisions (f) to (k), inclusive, affect the
9 requirements imposed by statute or a court decision in existence
10 on January 1, 2002, concerning whether a person filing an action
11 in which a violation of this chapter is alleged is required to comply
12 with the requirements of subdivision (d).

13 (f) (1) A person filing an action in the public interest pursuant
14 to subdivision (d), a private person filing an action in which a
15 violation of this chapter is alleged, or a private person settling a
16 violation of this chapter alleged in a notice given pursuant to
17 paragraph (1) of subdivision (d), shall, after the action or violation
18 is subject either to a settlement or to a judgment, submit to the
19 Attorney General a reporting form that includes the results of that
20 settlement or judgment and the final disposition of the case, even
21 if dismissed. At the time of the filing of a judgment pursuant to
22 an action brought in the public interest pursuant to subdivision (d),
23 or an action brought by a private person in which a violation of
24 this chapter is alleged, the plaintiff shall file an affidavit verifying
25 that the report required by this subdivision has been accurately
26 completed and submitted to the Attorney General.

27 (2) A person bringing an action in the public interest pursuant
28 to subdivision (d), or a private person bringing an action in which
29 a violation of this chapter is alleged, shall, after the action is either
30 subject to a settlement, with or without court approval, or to a
31 judgment, submit to the Attorney General a report that includes
32 information on any corrective action being taken as a part of the
33 settlement or resolution of the action.

34 (3) The Attorney General shall develop a reporting form that
35 specifies the information that shall be reported, including, but not
36 limited to, for purposes of subdivision (e), the date the action was
37 filed, the nature of the relief sought, and for purposes of this
38 subdivision, the amount of the settlement or civil penalty assessed,
39 other financial terms of the settlement, and any other information
40 the Attorney General deems appropriate.

(4) If there is a settlement of an action brought by a person in the public interest under subdivision (d), the plaintiff shall submit the settlement, other than a voluntary dismissal in which no consideration is received from the defendant, to the court for approval upon noticed motion, and the court may approve the settlement only if the court makes all of the following findings:

(A) The warning that is required by the settlement complies with this chapter.

(B) The award of attorney's fees is reasonable under California law.

(C) The penalty amount is reasonable based on the criteria set forth in paragraph (2) of subdivision (b).

(5) The plaintiff subject to paragraph (4) has the burden of producing evidence sufficient to sustain each required finding. The plaintiff shall serve the motion and all supporting papers on the Attorney General, who may appear and participate in a proceeding without intervening in the case.

(6) Neither this subdivision nor the procedures provided in subdivision (e) and subdivisions (g) to (k), inclusive, affect the requirements imposed by statute or a court decision in existence on January 1, 2002, concerning whether claims raised by a person or public prosecutor not a party to the action are precluded by a settlement approved by the court.

(g) The Attorney General shall maintain a record of the information submitted pursuant to subdivisions (e) and (f) and shall make this information available to the public.

(h) (1) Except as provided in paragraph (2), the basis for the certificate of merit required by subdivision (d) is not discoverable. However, nothing in this subdivision precludes the discovery of information related to the certificate of merit if that information is relevant to the subject matter of the action and is otherwise discoverable, solely on the ground that it was used in support of the certificate of merit.

(2) Upon the conclusion of an action brought pursuant to subdivision (d) with respect to a defendant, if the trial court determines that there was no actual or threatened exposure to a listed chemical, the court may, upon the motion of that alleged violator or upon the court's own motion, review the basis for the belief of the person executing the certificate of merit, expressed in the certificate of merit, that an exposure to a listed chemical had

1 occurred or was threatened. The information in the certificate of
2 merit, including the identity of the persons consulted with and
3 relied on by the certifier, and the facts, studies, or other data
4 reviewed by those persons, shall be disclosed to the court in an
5 in-camera proceeding at which the moving party shall not be
6 present. If the court finds that there was no credible factual basis
7 for the certifier's belief that an exposure to a listed chemical had
8 occurred or was threatened, then the action shall be deemed
9 frivolous within the meaning of Section 128.7 of the Code of Civil
10 Procedure. The court shall not find a factual basis credible on the
11 basis of a legal theory of liability that is frivolous within the
12 meaning of Section 128.7 of the Code of Civil Procedure.

13 (i) The Attorney General may provide the factual information
14 submitted to establish the basis of the certificate of merit on request
15 to a district attorney, city attorney, or prosecutor within whose
16 jurisdiction the violation is alleged to have occurred, or to any
17 other state or federal government agency, but in all other respects
18 the Attorney General shall maintain, and ensure that all recipients
19 maintain, the submitted information as confidential official
20 information to the full extent authorized in Section 1040 of the
21 Evidence Code.

22 (j) In an action brought by the Attorney General, a district
23 attorney, a city attorney, or a prosecutor pursuant to this chapter,
24 the Attorney General, district attorney, city attorney, or prosecutor
25 may seek and recover costs and attorney's fees on behalf of a party
26 who provides a notice pursuant to subdivision (d) and who renders
27 assistance in that action.

28 (k) Any person who serves a notice of alleged violation pursuant
29 to paragraph (1) of subdivision (d) for an exposure identified in
30 subparagraph (A), (B), (C), or (D) of paragraph (1) shall complete,
31 as appropriate, and provide to the ~~alleged violator~~, *violation at the*
32 *time the notice of alleged violation is served*, a notice of special
33 compliance procedure and proof of compliance form pursuant to
34 subdivision (l) and shall not file an action for that exposure against
35 the alleged violator, or recover from the alleged violator in a
36 settlement any payment in lieu of penalties or any reimbursement
37 for costs and attorney's fees, if all of the following conditions have
38 been met:

39 (1) The notice given pursuant to paragraph (1) of subdivision
40 (d) was served on or after the effective date of the act amending

1 this section during the 2013–14 Regular Session and alleges that
2 the alleged violator failed to provide clear and reasonable warning
3 as required under Section 25249.6 regarding one or more of the
4 following, ~~and no other violation:~~ *following:*

5 (A) An exposure to alcoholic beverages that are consumed on
6 the alleged violator's premises to the extent onsite consumption
7 is permitted by law.

8 (B) An exposure to a chemical known to the state to cause cancer
9 or reproductive toxicity in a food or beverage prepared and sold
10 on the alleged violator's premises primarily intended for immediate
11 consumption on or off premises, to the extent of both of the
12 following:

13 (i) The chemical was not intentionally added.

14 (ii) The chemical was formed by cooking or similar preparation
15 of food or beverage components necessary to render the food or
16 beverage palatable or to avoid microbiological contamination.

17 (C) An exposure to environmental tobacco smoke caused by
18 entry of persons (other than employees) on premises owned or
19 operated by the alleged violator where smoking is permitted at any
20 location on the premises.

21 (D) An exposure to chemicals known to the state to cause cancer
22 or reproductive toxicity in engine exhaust, to the extent the
23 exposure occurs inside a facility owned or operated by the alleged
24 violator and primarily intended for parking noncommercial
25 vehicles.

26 (2) Within 14 days after service of the notice, the alleged violator
27 has done all of the following:

28 (A) Corrected the alleged violation.

29 (B) (i) Agreed to pay a civil penalty for the alleged violation
30 of Section 25496.6 in the amount of five hundred dollars (\$500),
31 to be adjusted quinquennially pursuant to clause (ii), per facility
32 or premises where the alleged violation occurred, of which 75
33 percent shall be deposited in the Safe Drinking Water and Toxic
34 Enforcement Fund, and 25 percent shall be paid to the person that
35 served the notice as provided in Section 25249.12.

36 (ii) On April 1, 2019, and at each five-year interval thereafter,
37 the dollar amount of the civil penalty provided pursuant to this
38 subparagraph shall be adjusted by the Judicial Council based on
39 the change in the annual California Consumer Price Index for All
40 Urban Consumers, published by the Department of Industrial

1 Relations, Division of Labor Statistics, for the most recent five-year
2 period ending on December 31 of the year preceding the year in
3 which the adjustment is made, rounded to the nearest five dollars
4 (\$5). The Judicial Council shall quinquennially publish the dollar
5 amount of the adjusted civil penalty provided pursuant to this
6 subparagraph, together with the date of the next scheduled
7 adjustment.

8 (C) Notified, in writing, the person that served the notice of the
9 alleged violation, that the violation has been corrected. The written
10 notice shall include the notice of special compliance procedure
11 and proof of compliance form specified in subdivision (I), which
12 was provided by the person serving notice of the alleged violation
13 and which shall be completed by the alleged violator as directed
14 in the notice.

15 (3) The alleged violator shall deliver the civil penalty to the
16 person that served the notice of the alleged violation within 30
17 days of service of that notice, and the person that served the notice
18 of violation shall remit the portion of the penalty due to the Safe
19 Drinking Water and Toxic Enforcement Fund within 30 days of
20 receipt of the funds from the alleged violator.

21 (I) The notice required to be provided to an alleged violator
22 pursuant to subdivision (k) shall be presented as follows:

Date:

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Name of Noticing Party or attorney for Noticing Party:

Address:

Phone number:

SPECIAL COMPLIANCE PROCEDURE**PROOF OF COMPLIANCE**

You are receiving this form because the Noticing Party listed above has alleged that you are violating California Health and Safety Code §25249.6 (Prop. 65).

The Noticing Party may not bring any legal proceedings against you for the alleged violation checked below if:

- (1) You have actually taken the corrective steps that you have certified in this form.
- (2) The Noticing Party has received this form at the address shown above, accurately completed by you, postmarked within 14 days of your receiving this notice.
- (3) The Noticing Party receives the required \$500 penalty payment from you at the address shown above postmarked within 30 days of your receiving this notice.
- (4) This is the first time you have submitted a Proof of Compliance for a violation arising from the same exposure in the same facility on the same premises.

PART 1: TO BE COMPLETED BY THE NOTICING PARTY OR ATTORNEY FOR THE NOTICING PARTY

The alleged violation is for an exposure to: (check one)

___ Alcoholic beverages that are consumed on the alleged violator's premises to the extent on-site consumption is permitted by law.

___ A chemical known to the state to cause cancer or reproductive toxicity in a food or beverage prepared and sold on the alleged violator's premises for immediate consumption on or off premises to the extent: (1) the chemical was not intentionally added; and (2) the chemical was formed by cooking or similar preparation of food or beverage components necessary to render the food or beverage palatable or to avoid microbiological contamination.

___ Environmental tobacco smoke caused by entry of persons (other than employees) on premises owned or operated by the alleged violator where smoking is permitted at any location on the premises.

___ Chemicals known to the State to cause cancer or reproductive toxicity in engine exhaust, to the extent the exposure occurs inside a facility owned or operated by the alleged violator and primarily intended for parking noncommercial vehicles.

IMPORTANT NOTES:

- (1) You have no potential liability under California Health and Safety Code §25249.6 if your business has nine (9) or fewer employees.
- (2) Using this form will NOT prevent the Attorney General, a district attorney, a city attorney, or a prosecutor in whose jurisdiction the violation is alleged to have occurred from filing an action over the same alleged violations, and that in any in such action, the amount of civil penalty shall be reduced to reflect any payment made at this time.

Date:

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Name of Noticing Party or attorney for Noticing Party:

Address:

Phone number:

PART 2: TO BE COMPLETED BY THE ALLEGED VIOLATOR OR AUTHORIZED REPRESENTATIVE

Certification of Compliance

Accurate ~~completion~~ *completion* of this form will demonstrate that you are now in compliance with California Health and Safety Code §25249.6 for the alleged violation listed above. You must complete and submit the form below to the Noticing Party at the address shown above, postmarked within 14 days of you receiving this notice.

I hereby agree to pay, within 30 days of completion of this notice, a civil penalty of \$500 to the Noticing Party only and certify that I have complied with Health and Safety Code §25249.6 by (check only one of the following):

- [] Posting a warning or warnings about the alleged exposure that complies with the law, and attaching a copy of that warning and a photograph accurately showing its placement on my premises;
[] Posting the warning or warnings demanded in writing by the Noticing Party, and attaching a copy of that warning and a photograph accurately showing its placement on my premises; OR
[] Eliminating the alleged exposure, and attaching a statement accurately describing how the alleged exposure has been eliminated.

Certification

My statements on this form, and on any attachments to it, are true, complete, and correct to the best of my knowledge and belief and are made in good faith. I have carefully read the instructions to complete this form. I understand that if I make a false statement on this form, I may be subject to additional penalties under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65).

Signature of alleged violator or authorized representative

Date

Name and title of signatory

(m) An alleged violator may satisfy the conditions set forth in subdivision (k) only one time for a violation arising from the same exposure in the same facility or on the same premises.

(n) Nothing in subdivision (k) shall prevent the Attorney General, a district attorney, a city attorney, or a prosecutor in whose jurisdiction the violation is alleged to have occurred from filing an action pursuant to subdivision (c) against an alleged violator. In any such action, the amount of any civil penalty for a violation shall be reduced to reflect any payment made by the alleged violator for the same alleged violation pursuant to subparagraph (B) of paragraph (2) of subdivision (k).

~~SEC. 5.~~

SEC. 2. Section 116835 of the Health and Safety Code is amended to read:

116835. (a) A water treatment device for which a health or safety claim is made shall not be sold or otherwise distributed unless the device is included on the list of water treatment devices published on the ~~department's~~ *state board's* Internet Web site pursuant to Section 116845.

(b) After July 1, 2015, the exterior packaging of a water treatment device for which a health or safety claim is made, and that is offered for sale in a retail establishment in California, shall clearly identify the contaminant or contaminants that the device has been certified pursuant to subdivision (a) to remove or reduce. If a device has been certified to remove or reduce more than five contaminants, at least five contaminants shall be listed on the exterior packaging followed by a statement directing consumers to visit the manufacturer's Internet Web site to obtain information regarding additional contaminants that the device is certified to remove or reduce.

(c) After July 1, 2015, the manufacturer of a water treatment device for which it makes a health or safety claim shall include with each water treatment device offered for sale in California a decal that may be affixed to the device by the consumer that states, at a minimum, the following:

“Please refer to the owner's manual for proper maintenance and operation. If this device is not maintained and operated as specified in the owner's manual, there is a risk of exposure to contaminants. For more information, visit the manufacturer's Internet Web site

1 at _____ or the ~~California Department of~~
2 Manufacturer's Internet Web site
3 ~~Public Health's~~ *State Water Resources Control Board's* Internet
4 Web site at ~~www.cdph.ca.gov~~ *www.swrcb.ca.gov*.”
5

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